



Quick Guide: Gift and Loan Rules

The District of Columbia requires alcoholic beverage manufacturers, wholesalers and retailers to operate free from the influence of each other. As part of this, businesses licensed to sell alcoholic beverages are restricted from giving gifts or engaging in certain types of transactions.

RELEVANT LAW

The District of Columbia's gift rules for alcoholic beverage licensees are dictated by:

- D.C. Official Code Title 25, sections 735-736; and
- D.C. Municipal Regulations Title 23, sections 903-904.

PROHIBITED TRANSACTIONS

In general, the District's gift rules prohibit the following types of gifts and loans:

- (1) A manufacturer may not give a gift or loan to a wholesaler or retailer; and
- (2) A wholesaler may not give a gift or loan to a retailer.

Both parties—giver and the recipient—may be penalized for engaging in a transaction that violates the District's gift rules.

GIFTS AND LOANS

The following types of transactions are considered gifts and loans:

- (1) Lending or giving money;
- (2) Selling, renting, loaning, or giving equipment, furniture, fixtures or property; or
- (3) Giving or selling a service.

EXCEPTIONS REQUIRING BOARD APPROVAL

While the law generally prohibits gifts, there are exceptions. The Alcoholic Beverage Control Board (Board) is permitted to grant an exception to the gift rules when each separate service or article of property is between \$50 and \$500. In order to obtain the approval of the Board, the entity requesting an exemption should [submit a petition](#) containing the:

- (1) Licensee name;
- (2) Date of the event;
- (3) Nature of the promotion;
- (4) Name of the entity providing the gift or loan;
- (5) Description of each service or article of property;
- (6) The value of each article of property; and
- (7) Whether the transaction involves a purchase, rental, loan or gift.

At least one of the entities participating in the transaction must obtain the approval of the Board before the transaction occurs.

OTHER EXCEPTIONS

The following gifts and loans are always allowed and do not require Board approval:

- (1) An article or service transmitted under \$50 in value; or
- (2) Selling, renting, giving or loaning computer equipment to a retailer for the purpose of tracking the sale or delivery of alcoholic beverages.
 - a. Applies to a manufacturer, in the case of a wholesaler or retailer (D.C. Official Code Title 25, section 735 (d)); or
 - b. Applies to a wholesaler, in the case of a retailer (D.C. Official Code Title 25, section 736 (d))

PROMOTIONS, SWEEPSTAKES, COUPONS

The District's gift rules do not apply to direct transactions between entities and consumers. Therefore, rebates, coupons and sweepstakes for consumers are permitted under the District's alcoholic beverage control laws. Gift rules will apply if a wholesaler or retailer receives the service or article of property on behalf of the consumer or holds the property or service for any length of time—no matter how limited.¹

PENALTIES

Violators of the District's gift rules may be subject to a minimum \$1,000 fine, as well as possible suspension or the revocation of the violator's liquor license pursuant under D.C. Official Code Title 25, section 823; and D.C. Municipal Regulations Title 23, section 800.

CONTACT INFORMATION

For more information, visit ABRA.DC.Gov or contact ABRA's Adjudication Division at 202-442-4423 or ABRA@DC.Gov.

¹ For example, under the gift rules, a manufacturer may run a promotion where a consumer can win a barbeque grill worth \$550; however, the gift rules would be violated if the manufacturer allows a retailer to display the barbeque grill in the store for any length of time as part of the promotion because the retailer would be receiving the gift. It is irrelevant under the law that the grill will eventually be given to a consumer.